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**WEST HILL COPPER
MINES LIMITED
1966 ANNUAL REPORT**

REPORT OF THE DIRECTORS

To the Shareholders:

On behalf of your Board of Directors, I am pleased to submit herewith our first Annual Report together with the audited financial statements covering the period from inception of the Company to 31st March, 1966.

During the past year the Company has raised approximately \$750,000 through the sale of treasury shares and consequently the year has been marked by considerable exploration activity on the part of your Company.

During 1965 a substantial exploration programme was carried out on a large block of claims in the Lake Abitibi area of Ontario. Magnetic and electro-magnetic surveys were carried out, followed by an extensive diamond drill programme totalling approximately 3000 feet. Results however, were not encouraging and work on this property has been suspended.

Subsequently your Company acquired a working option on a block of 37 claims in the Gaspé area, north and west of the Terra Nova copper discovery. Magnetometer surveys, geological mapping, localized geochemical and induced polarization surveys have been carried out on this property with excellent targets indicated and diamond drilling is to commence immediately.

Another claim group, south and east of the Terra Nova discovery has been acquired by purchase, on which geological mapping, magnetic and geochemical surveys have been carried out. Interpretation of these surveys is in progress and a decision as to further work on this property will be made on the basis of the final reports when received.

Your Company is now making final arrangements for an option on a third claim group in the Gaspé area, adjoining to the east the Wexford Mines property now being developed by Frobex Ltd. and Area Mines. The ground to be acquired by your Company is extremely well located with reference to the discovery holes on the Wexford property.

A block of 30 claims in Hurdman Township was purchased early in 1966. These claims adjoin the principal holdings of Inco which has been carrying out an extensive diamond drilling programme in the area during the past several months.

Your Company has recently been actively engaged in exploration in the Pacific Northwest of the United States, where geological formations and mineral occurrences closely parallel those of British Columbia. A wholly owned subsidiary, West Hill Explorations, Inc., has been formed to carry out exploration and development in this area, and three properties have been acquired to date; negotiations for the acquisition of other properties are proceeding. Acquisitions have been made on most favourable terms, involving mining leases on a royalty basis with, in certain cases, an option to purchase, and onerous work commitments have been avoided.

In the Santiam Valley of Oregon a 1500 acre parcel has been taken under lease/option. There are a number of adits on the property and interesting values in base metals are reported from previous operations. Work is underway on this property, the underground workings being cleaned out so as to permit check-sampling and exploratory drilling from underground. Surface work — mapping, geophysical surveys and drilling — will proceed concurrently.

Two other base metals prospects in Oregon have been taken under lease, on one of which drilling to date has encountered significant copper intersections. Further drilling will be necessary, however, before a complete evaluation of the property can be made. On the other Oregon property, native copper occurrences are being investigated by drilling now in progress.

Among properties on which negotiations are now proceeding, perhaps the most interesting is a silver-lead-zinc property with proven ore reserves in northern California, from which approximately 2,000,000 tons of ore were mined prior to shut-down in 1957 because of depressed metal prices. Again, the Company is seeking a lease arrangement on a royalty basis; additional tonnages of broken ore are also available on this property as well as a complete mining and milling plant.

Your Company is well financed for the various projects now in hand; net working capital is presently in excess of \$600,000. Management is in close touch with current mining exploration developments and vigorous exploration programmes will continue.

Accompanying this report is a notice of our forthcoming annual and special general meeting of shareholders. As indicated in the notice of meeting our shareholders will be asked to authorize a more diversified use of the Company's funds. Set forth in the notice of meeting are certain particulars presently relating to the use of your Company's funds. In the existing financial climate your directors believe that investment in trustee securities is too limiting and accordingly have decided to submit this matter to shareholders for their approval. If you cannot personally attend the meeting you are requested to sign and return the enclosed instrument of proxy, and you will note that the proxy provides instructions for your direction as to how your shares are to be voted on this matter.

On behalf of the board of Directors,

JOHN FOGARTY
President

19th September, 1966

WEST HILL COPPER MINES LIMITED

Incorporated under the laws of Ontario

BALANCE SHEET

March 31, 1966

Assets

CURRENT ASSETS:

Cash	306,425.48	
Short-term deposit with bank	100,000.00	
Accrued interest receivable	2,169.86	408,595.34
MINING CLAIMS AND OPTION (note 1)		15,577.00
DEFERRED EXPLORATION AND DEVELOPMENT		10,296.00
		<u>\$434,468.34</u>

Liabilities

CURRENT LIABILITIES:

Accrued liabilities	10,425.00
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Shareholders' Equity

CAPITAL STOCK (note 2):

Authorized, 5,000,000 shares, par value \$1.00 each

Issued:	Number of shares and par value	Discount	Net
For cash	1,500,005	1,080,000.00	420,005.00
For mining claims, subsequently abandoned	900,000	765,000.00	135,000.00
	<u>2,400,005</u>	<u>\$1,845,000.00</u>	<u>555,005.00</u>
CONTRIBUTED SURPLUS (note 3)			75,000.00
			<u>630,005.00</u>
Deficit			<u>205,961.66</u>
			<u>424,043.34</u>
			<u>\$434,468.34</u>

The accompanying notes are an integral part of this statement.

Approved on behalf of the Board

R. J. DONOVAN, Director

ELLEN A. DEVINE, Director

This is the balance sheet referred to in our report to the shareholders dated May 6, 1966.

THORNE, MULHOLLAND, HOWSON & MCPHERSON
Chartered Accountants.

WEST HILL COPPER MINES LIMITED

STATEMENT OF DEFICIT

Period from June 17, 1964, the date of incorporation, to March 31, 1966

Cost of mining claims and option abandoned (note 1)	150,200.00
Exploration and development thereon	32,728.51
	<u>182,928.51</u>
Administration	20,938.01
Organization	2,095.14
Deficit at end of period	<u><u>\$205,961.66</u></u>

STATEMENT OF ADMINISTRATION

Period from June 17, 1964, the date of incorporation, to March 31, 1966

	June 17, 1964 to December 31, 1964	Year ended December 31, 1965	Three months ended March 31, 1966	Total
Audit	225.00	550.00	1,000.00	1,775.00
Government fees and taxes		75.00		75.00
Legal	3,685.00	2,500.00	7,200.00	13,385.00
Printing and stationery	52.64	102.23		154.87
Prospectus printing	691.70	821.80	1,337.66	2,851.16
Publicity and shareholders' information	1,226.58	900.39	124.13	2,251.10
Salaries	75.00	225.00		300.00
Stock transfer expenses	165.78	472.90	752.26	1,390.94
Travel		867.53		867.53
Sundry		52.84	4.43	57.27
	<u>6,121.70</u>	<u>6,567.69</u>	<u>10,418.48</u>	<u>23,107.87</u>
Less Interest earned		1,060.27	1,109.59	2,169.86
Transferred to deficit	<u><u>\$6,121.70</u></u>	<u><u>\$5,507.42</u></u>	<u><u>\$9,308.89</u></u>	<u><u>\$20,938.01</u></u>

WEST HILL COPPER MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT

Period from June 17, 1964, the date of incorporation, to March 31, 1966

	June 17, 1964 to December 31, 1964	Year ended December 31, 1965	Three months ended March 31, 1966	Balance March 31, 1966
Consulting		1,411.39		1,411.39
Drilling and supervision	404.50	21,575.31	925.00	22,904.81
Engineering fees		1,826.00		1,826.00
Government fees		1,810.00		1,810.00
Linecutting	990.00	200.00	3,060.35	4,250.35
Reports	700.00	350.00		1,050.00
Surveys	1,488.00	4,500.00	2,720.00	8,708.00
Travel and transportation	278.00	759.16		1,037.16
Sundry		26.80		26.80
	<u>3,860.50</u>	<u>32,458.66</u>	<u>6,705.35</u>	<u>43,024.51</u>
<i>Less Expenditures on abandoned mining claims and option, transferred to deficit</i>	<u>3,860.50</u>	<u>28,868.01</u>	<u>—</u>	<u>32,728.51</u>
<i>Deferred exploration and development on mining claims in good standing</i>	<u>—</u>	<u>\$3,590.65</u>	<u>\$6,705.35</u>	<u>\$10,296.00</u>

SUMMARY

Location	June 17, 1964 to December 31, 1964	Year ended December 31, 1965	Three months ended March 31, 1966	Transferred to deficit	Balance March 31, 1966
Verneuil Township	489.00			489.00	
Preissac Township	3,371.50	13,141.90		16,513.40	
Larder Lake Area:					
Option		15,610.21		15,610.21	
Staked claims		1,464.50	925.00		2,389.50
Lesseps and Deville Townships		2,126.15	5,780.35		7,906.50
General		115.90		115.90	
	<u>\$3,860.50</u>	<u>\$32,458.66</u>	<u>\$6,705.35</u>	<u>\$32,728.51</u>	<u>\$10,296.00</u>

WEST HILL COPPER MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Period from June 17, 1964, the date of incorporation, to March 31, 1966

FUNDS MADE AVAILABLE:

Sale of treasury shares	420,005.00	
Sale of donated shares	75,000.00	
Interest earned	<u>2,169.86</u>	497,174.86

FUNDS APPLIED:

Mining claims and options:

In good standing	15,577.00	
Subsequently abandoned	<u>15,200.00</u>	
	30,777.00	
Exploration and development	43,024.51	
Administration	23,107.87	
Organization	<u>2,095.14</u>	99,004.52

WORKING CAPITAL AT END OF PERIOD		<u>\$398,170.34</u>
Current assets		408,595.34
Current liabilities		<u>10,425.00</u>
		<u>\$398,170.34</u>

NOTES TO FINANCIAL STATEMENT

Period from June 17, 1964, the date of incorporation to March 31, 1966

1. MINING CLAIMS AND OPTION:

18 claims in Steele Township, Larder Lake Mining Division, Ontario, acquired by staking	577.00
45 claims in Lesseps and Deville Townships, County of Gaspé-North, Quebec, acquired for cash ...	10,000.00
37 claims in Lesseps Township, County of Gaspé-North, Quebec, held under option (see below) ...	<u>5,000.00</u>
	<u>\$15,577.00</u>

By agreement dated October 19, 1965, the company has acquired an option to purchase 37 mining claims in Lesseps Township, Quebec.

To fully exercise the option, the company agreed to:

(a) Make payments to the optionors as follows:

\$	5,000.00	paid on the agreement date
	5,000.00	on or before August 1, 1966
	5,000.00	on or before February 1, 1967
	10,000.00	on or before August 1, 1967
	10,000.00	on or before February 1, 1968
	15,000.00	on or before August 1, 1968
	51,000.00	on or before February 1, 1969
	<u>\$101,000.00</u>	

(b) Provide for the allotment and issue to the optionors, on or before May 1, 1969, of 300,000 fully paid shares or 40% of the vendor's shares, whichever is the lesser, of a new company to be formed to acquire the claims.

The company has abandoned the following mining claims and option during the period, transferring the cost to deficit:

20 claims in Verneuil Township, County of Abitibi East, Quebec, acquired for 900,000 shares of capital stock valued at	135,000.00
10 claims in Preissac Township, County of Abitibi East, Quebec, held under option	4,000.00
34 claims in La Pause Township, Quebec, acquired by staking	1,200.00
232 claims in the Larder Lake Mining Division, Ontario, held under option	10,000.00
	<u>\$150,200.00</u>

Subsequent to March 31, 1966 the company acquired 30 claims in Hurdman Township, Porcupine Mining Division, Ontario, for \$1.00 cash.

2. CAPITAL STOCK:

At March 31, 1966, options were outstanding to an underwriter with respect to 500,000 shares of the company's capital stock, as follows:

100,000 shares at 50¢ per share
200,000 shares at 60¢ per share
200,000 shares at 75¢ per share

Subsequent to March 31, 1966, 100,000 shares at 50¢ per share and 100,000 shares at 60¢ per share have been taken up, providing the company \$110,000.00.

The underwriter has agreed to take up 100,000 shares at 60¢ per share and 100,000 shares at 75¢ per share within 3 days of the effective date being the date the company's amendment to its prospectus is accepted for filing. The option on the remaining 100,000 shares at 75¢ per share is exercisable within 3 months of the effective date.

3. CONTRIBUTED SURPLUS:

During the period, 200,000 shares of the 900,000 shares of the company's capital stock issued for mining claims subsequently abandoned were donated to the company and sold to an underwriter for \$75,000.00. The proceeds have been credited to contributed surplus.

AUDITORS' REPORT

To the Shareholders of WEST HILL COPPER MINES LIMITED:

We have examined the balance sheet of West Hill Copper Mines Limited as at March 31, 1966 and the statements of deficit, administration, and deferred exploration and development for the period from June 17, 1964, the date of incorporation, to March 31, 1966. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and related statements of deficit, administration, and deferred exploration and development present fairly the financial position of the company as at March 31, 1966 and the results of its operations for the period ended on that date, in accordance with generally accepted accounting principles consistently applied.

Our examination also included the accompanying statement of source and application of funds which, in our opinion, when considered in relation to the aforementioned statements, presents fairly the changes in the working capital of the company for the period from June 17, 1964, the date of incorporation, to March 31, 1966.

Toronto, Canada,
May 6, 1966.

THORNE, MULHOLLAND, HOWSON & MCPHERSON
Chartered Accountants

